

TESTIMONY PRESENTED TO THE HUMAN SERVICES COMMITTEE
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Testimony Opposing House Bill No. 6947

AN ACT CONCERNING STATE CONTRACTS FOR HUMAN SERVICES

Senator Moore, Representative Abercrombie and distinguished members of the Human Services Committee, thank you for the opportunity to offer testimony on House Bill No. 6947, An Act Concerning Contracts for Human Services.

This bill seeks to amend Section 4-70b of the general statutes by requiring the Secretary of OPM to establish uniform policies and procedures related to state agency contracts for health and human service contracts that would require, within available appropriations, uniform rates of reimbursement based on the actual cost of services provided, including a review by the Secretary and agencies to have such rates reflect increases in the consumer price index or inflation. The policies and procedures would also create an appeals process for providers if rates do not reflect the actual costs of services, as well as require consideration of new mandates and changes and geographic differences in costs in establish the rates.

The wide variety of health and human services procured by State agencies vary greatly in terms of the clients and populations served, the programmatic approach utilized and the methods used in determining the costs of meeting these service needs. The rate setting systems are often tailored to the nature and type of service being provided, making the development of uniform system established by OPM extraordinarily difficult, at best.

For budget-based (i.e. not fee-for-service) programs procured by the State, state agencies and providers negotiate--and resolve differences regarding--the salaries, staffing levels and other budgetary needs for a particular service. All of the factors outlined in the proposed bill, including changes in costs of goods and services and geographic costs differences, are considered as part of these negotiations. In our view, negotiations are the best and most effective method of determining the appropriate payment level for the service type in question. Negotiations are also the appropriate means to resolve differences regarding use of State funds.

There are also a number of fee-for-service rate setting systems used across state government to determine the amount of payments or reimbursements for services; each based on the nature or type of service being purchased. These rate setting systems often involve individual federal and state statutes, regulations or requirements that would have to be examined and amended prior to making any adjustments that may be deemed necessary. Many of these systems already have detailed policies and procedures in place.

In regard to some type of automatic adjustment of rates based on inflation, this would not, unlike negotiations, reflect differences or concerns in terms of provider cost effectiveness or service needs or priorities. As a result, any such automatic increases would likely result in reductions to the level of services provided, including for higher priority services.

I respectfully request that the committee take no action on this bill. I would like to again thank the committee for the opportunity to submit this testimony.